

**TAIWAN-CHINA: RECENT ECONOMIC,
POLITICAL, AND MILITARY DEVELOPMENTS
ACROSS THE STRAIT, AND IMPLICATIONS FOR
THE UNITED STATES**

HEARING

BEFORE THE

U.S.-CHINA ECONOMIC AND SECURITY
REVIEW COMMISSION

ONE HUNDRED ELEVENTH CONGRESS
SECOND SESSION

March 18, 2010

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WASHINGTON : APRIL 2010

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March 31, 2010

The Honorable ROBERT C. BYRD
President Pro Tempore of the Senate, Washington, D.C. 20510
The Honorable NANCY PELOSI
Speaker of the House of Representatives, Washington, D.C. 20515

DEAR SENATOR BYRD AND SPEAKER PELOSI:

We are pleased to transmit the record of our March 18, 2010 public hearing on “*Taiwan-China: Recent Economic, Political, and Military Developments across the Strait, and Implications for the United States.*” The Floyd D. Spence National Defense Authorization Act (amended by Pub. L. No. 109-108, section 635(a)) provides the basis for this hearing.

The Commission received opening testimony from Senator Sherrod Brown (D-OH), Congressman Lincoln Diaz-Balart (R-FL), and Congressman Phil Gingrey (R-GA). Each Member of Congress provided important perspectives on how the United States should react to recent developments in the Taiwan-China relationship.

Representatives from the Executive Branch provided the Commission with the Obama Administration’s perspective. Deputy Assistant Secretary of State for East Asian and Pacific Affairs David B. Shear testified that while the United States supports the remarkable progress in the cross-Strait relationship over the past two years, Washington remains “opposed to unilateral attempts by either side to change the status quo.” The United States, he said, continues to have “a strong security interest in doing all that [it] can to create an environment conducive to a peaceful and non-coercive resolution of issues between [Taiwan and China].” Deputy Assistant Secretary of Defense for Asian and Pacific Security Affairs Michael Schiffer told the Commission that it appears “Beijing’s long-term strategy is to use political, diplomatic, economic, and cultural levers to pursue unification with Taiwan, while building a credible military threat to attack the island if events are moving in what Beijing sees as the wrong direction.”

Expert witnesses described to the Commission recent developments in the military and security situation across the Taiwan Strait. Mr. Mark Stokes, Executive Director of the Project 2049 Institute, stated that despite improvements in other areas of the relationship, Beijing’s “refusal to renounce the use of force” to resolve the Taiwan situation is the greatest challenge to the cross-Strait relationship. Mr. David A. Shlapak, Senior International Policy Analyst at The RAND Corporation, told the Commission that China’s military modernization, especially its “growing arsenal of surface-to-surface missiles and increasingly modern air force” are causing the cross-Strait military balance to tilt further in Beijing’s favor. Dr. Albert S. Willner, Director of the China Security Affairs Group at CNA, described current and planned military modernization efforts of the Taiwan government, as well as key challenges Taiwan faces in attempting to strengthen its national defense capabilities.

Panelists agreed that while the growing economic integration between China and Taiwan is an important development in the cross-Strait relationship, it should be accompanied by a similar growth in U.S.-Taiwan economic ties. Dr. Merritt T. (“Terry”) Cooke, founder of GC3 Strategy Inc., observed that economic interdependence across the Taiwan Strait could benefit regional stability, but only when balanced by a strong U.S.-Taiwan economic relationship. Mr. Rupert Hammond-Chambers, President of the U.S.-Taiwan Business Council, similarly pointed out that ensuring strong trade relations between the United States and Taiwan is the best way to balance strengthening economic relationship between Taiwan and China. Dr. Scott L. Kastner, Associate Professor in the Department of Government and

Politics at the University of Maryland, testified that the United States should remain vigilant in regards to regional security, since greater cross-Strait economic integration could fail to reduce the chance for conflict between Taiwan and China.

Witnesses agreed that although recent progress in the cross-Strait relationship has occurred, the United States still has a role to play in ensuring that any remaining problems do not disrupt regional stability. Mr. Randall G. Schriver, President and CEO of the Project 2049 Institute, maintained that the United States needs to continue to support Taiwan in its dealings with China and urge Beijing to renounce the use of force against Taiwan. Dr. Shelley Rigger, Brown Professor of Political Science at Davidson College, stated that the United States should continue to help “Taiwan to remain strong and confident” without “appearing to [pull] Taiwan away from [China].” According to Dr. Richard C. Bush III, Director of the Center for Northeast Asian Policy Studies at The Brookings Institution, the two ways the United States can best help Taiwan are to ensure Taiwan’s military capabilities and to strengthen U.S.-Taiwan economic and trade ties.

Thank you for your consideration of this summary of the Commission’s hearing. We note that the prepared statements submitted by the witnesses are now available on the Commission’s website at www.uscc.gov. The full transcript of the hearing will be available shortly.

Members of the Commission are also available to provide more detailed briefings. We hope these materials will be helpful to the Congress as it continues its assessment of U.S.-China relations and their impact on U.S. security. Per statutory mandate, the Commission will examine in greater depth these and other issues in its Annual Report that will be submitted to Congress in November 2010. If you have any questions or concerns, please have your staff contact Jonathan Weston, the Commission’s Congressional Liaison, at (202) 624-1487.

Sincerely yours,



Daniel Slane
Chairman



Carolyn Bartholomew
Vice Chairman

cc: Members of Congress and Congressional Staff

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